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Director, Central Intelligence

23 September 1946

Chief, Legislative Liaison Branch

Atomic Energy Act of 1946

1. The Atomic Energy Act of 1946 (Public Law No. 585 of the 79th Congress) was approved on 1 August 1946.

2. Because of the many intelligence implications inherent in the Act, a study of these implications has been made, especially in so far as the Act may affect the National Intelligence Authority and the Central Intelligence Group. This study is attached herewith as Tab A.

3. A digest of the pertinent provisions of the Act is attached herewith as Tab B.

WALTER L. PFORZHEIMER
Chief, Legislative Liaison Branch

Attachments

cc: Chief

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TAB A

Director of Central Intelligence. 23 September 1946.

Legislative Liaison Branch.

Intelligence Implications in the Atomic Energy Act of 1946.

References: a. Atomic Energy Act of 1946 (Public Law 585 - 79th Congress).
b. Senate Report No. 1211 from the Special Committee on Atomic Energy.
c. Minutes of NIA Meeting No. 6 dated 21 August 1946.
d. NIA #6 "Coordination of Intelligence Activities Related to Foreign Atomic Energy Developments and Potentialities", dated 13 August 1946.

The enactment of the Atomic Energy Act of 1946 (Public Law 585 - 79th Congress, 1 August 1946) and the imminent establishment of the Atomic Energy Commission (three of the five members of which are reported already to have been selected) raises several important questions in the field of intelligence relationships generally and in particular the relationships of the National Intelligence Authority and the Central Intelligence Group with the new Commission.

I. GENERAL OBSERVATIONS.

1. The Act gives to the Commission very broad, and potentially dictatorial, powers over atomic energy, its sources, production, research and development, and uses.

2. This Act takes precedence over any present legislation with which it may be in conflict, as well as executive orders, directives or letters (such as that of 22 January 1946 which establishes the NIA); nor can the provisions of the Act be changed except by specific legislation.

3. The Bill as drawn represents in many of its features a compromise between the divergent views presented at the Congressional Hearings and in many public statements by military figures on one side and the civilian scientists on the other——between the acknowledged "paramount objective of assuring the common defense and security" and the desire to disseminate information "to encourage scientific progress", to improve the public welfare, to promote world peace, and to develop industrial applications (Sections 1(a) and (b)). The resultant legislation because of the need for reconciling these divergent views is loosely drawn and capable of conflicting interpretations (for instance, the authority given to the Military Liaison Committee creates a field of conflict with the general authority of the Commission.)

4. The legislation frankly acknowledges the presence of unknown factors so that "any legislation will necessarily be subject to revision from time to time" (Section 1(c)).

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TAB B

THE ATOMIC ENERGY ACT OF 1946

The following is a digest of the pertinent features of the Atomic Energy Act of 1946, (Public Law 585, 79th Congress), approved 1 August 1946.

1. Declaration of Policy.

The policy of the United States is declared to be the development and utilization of atomic energy, directed toward improving the public welfare, increasing the standard of living, strengthening free competition in private enterprise, and promoting world peace, "subject at all times to the paramount objective of assuring the common defense and security."

The following major programs relating to atomic energy are provided for:

a. A program of assisting and fostering private research and development to encourage maximum scientific progress;

b. A program for the control of scientific and technical information which will permit the dissemination of such information to encourage scientific progress, and for the sharing on a reciprocal basis of information concerning the practical industrial application of atomic energy as soon as effective and enforceable safeguards against its use for destructive purposes can be devised;

c. A program of federally conducted research and development to assure the Government of adequate scientific and technical accomplishment;

d. A program for Government control of the production, ownership, and use of fissionable material to assure the common defense and security and to insure the broadest possible exploitation of the fields; and

e. A program of administration which will be consistent with the foregoing policies and with international arrangements made by the United States, and which will enable the Congress to be currently informed so as to take further legislative action as may hereafter be appropriate.

2. Organization.

An Atomic Energy Commission is established, consisting of five members.

A General Manager is established within the Commission to discharge its administrative and executive functions.

There is also established within the Commission a Division of Research, a Division of Production, a Division of Engineering, and a Division of Military Application. The Director of the Division of Military Application shall be an active or retired officer of the Army or Navy.

A General Advisory Committee of nine members, to be appointed from civilian life by the President, is established to advise the Commission on scientific and technical matters relating to materials, production, and research and development. This Committee shall meet at least four times a year.

A Military Liaison Committee is established, consisting of representatives of the War and Navy Departments (number not specified.)

> "The Commission shall advise and consult with the Committee on all atomic energy matters which the Committee deems to relate to military applications, including the development, manufacture, use, and storage of bombs, the allocation of fissionable material for military research, and the control of information relating to the manufacture or utilization of atomic weapons. The Commission shall keep the Committee fully informed on all such matters before it and the Committee shall keep the Commission fully informed of all atomic energy activities of the War and Navy Departments. The Committee shall have authority to make written recommendations to the Commission on matters relating to military applications from time to time as it may deem appropriate. If the Committee at any time concludes that any action, proposed action, or failure to act of the Commission on such matters is adverse to the responsibilities of the Departments of War or Navy, derived from the Constitution, laws, and treaties, the Committee may refer such action, proposed action, or failure to act to the Secretaries of War and Navy. If either Secretary concurs, he may refer the matter to the President, whose decision shall be final."

3. Research.

The Commission is directed to exercise its powers in such manner as to insure the continued conduct of research and development activities through its own facilities and by private or public institutions or persons in the fields of nuclear processes, the theory and production

of atomic energy, utilization of fissionable and radioactive materials for medical, biological, health, or military purposes, utilization of fissionable and radioactive materials and processes in production, and the protection of health during research and production activities. Such arrangements "shall not contain any provisions or conditions which prevent the dissemination of scientific or technical information, except to the extent such dissemination is prohibited by law."

4. Production of Fissionable Material.

The Commission, on behalf of the United States, shall be the exclusive owner of all facilities for the production of fissionable material. Exceptions are made for material used in connection with Paragraph 3, above, where the operator does not have a production rate adequate to produce an atomic weapon. The Commission is authorized to license the operation of government owned plants producing fissionable material. It may also enter into research and development contracts authorizing persons to produce, where such production is incident to the conduct of research and development. The President shall determine, at least once a year, the quantities of fissionable material to be produced.

5. Control of Materials.

The ownership of all fissionable material is vested in the Commission, and private ownership is forbidden. Just compensation will be paid private owners. The Commission may distribute fissionable material for the conduct of research and development, and it has the power to control supplies and transfers of source material by means of licensing procedures. It is empowered to take, for just compensation, supplies of source materials wherever found, or interests in real property containing such materials. The Commission is authorized to distribute by-product materials for research and development, medical therapy, or industrial uses. Distribution of fissionable material can only be made where not inimical to the common defense or security. The Commission is authorized to purchase or otherwise acquire any fissionable material outside the United States.

6. Military Application of Atomic Energy.

The Commission is authorized to conduct experiments, research and development work in the military application of atomic energy and engage in the production of atomic weapons. Such activities shall be carried on "only to the extent that the express consent and direction of the President has been obtained, which consent and direction shall be obtained at least once each year."

> "The President from time to time may direct the Commission (1) to deliver such quantities of fissionable materials or weapons to the armed forces for such use as he deems necessary in the interest of national defense or (2) to authorize the armed

"forces to manufacture, produce, or acquire any equipment or device utilizing fissionable material or atomic energy as a military weapon."

7. Utilization of Atomic Energy.

Whenever any industrial, commercial, or other non-military use of fissionable material or atomic energy has been sufficiently developed to be of practical value, the Commission shall prepare a report to the President stating its estimate of the social, political, economic, and international effects of such use, and its recommendations for necessary legislation. This report shall be transmitted to Congress, with Presidential recommendations. The ultimate licensing in connection with these uses shall be on a nonexclusive basis.

8. International Arrangements.

To give maximum force and effect to any future international agreements on the subject of atomic energy.

9. Property of the Commission.

The Commission is to take over all the resources of the United States Government devoted to or related to atomic energy development. This includes all fissionable material, atomic weapons, facilities, equipment, materials, processes, technical information and the source thereof, patents, contracts, and "such other property owned by or in the custody or control of the Manhattan Engineer District or other Government agencies as the President may determine." The Commission is authorized to reimburse States and local governments for loss in taxes incurred through its acquisition of property.

10. Control of Information.

"(a) Policy. - It shall be the policy of the Commission to control the dissemination of restricted data in such a manner as to assure the common defense and security. Consistent with such policy, the Commission shall be guided by the following principles:

" (1) That until Congress declares by joint resolution that effective and enforceable international safeguards against the use of atomic energy for destructive purposes have been established, there shall be no exchange of information with other nations with respect to the use of atomic energy for industrial purposes; and

" (2) That the dissemination of scientific and technical information relating to atomic energy should be permitted and encouraged so as to provide that free interchange of ideas and criticisms which is essential to scientific progress.

"(b) Restrictions. -

" (1) The term 'restricted data' as used in this section means all data concerning the manufacture or utilization of atomic weapons, the production of fissionable material, or the use of fissionable material in the production of power, but shall not include any data which the Commission from time to time determines may be published without adversely affecting the common defense and security. "

Severe penalties are included for violation of the above when committed with intent to injure the United States or secure advantage to any foreign nation, including death or life imprisonment. These penalties apply to those who lawfully or unlawfully have possession or access to, or are entrusted with restricted data, or acquire, attempt, or conspire to acquire restricted data, or remove, conceal, tamper, alter, mutilate, or destroy any restricted data.

No arrangement in connection with research, contracts, or licenses shall be made unless the person or contractor or licensee agrees in writing not to permit any individual to have access to restricted data until the Federal Bureau of Investigation has investigated such individual. Except as authorized by the Commission in case of emergency, no individual shall be employed by the Commission until the Federal Bureau of Investigation has made an investigation.

In addition, it is provided that:

"To protect against the unlawful dissemination of restricted data and to safeguard facilities, equipment, materials, and other property of the Commission, the President shall have authority to utilize the services of any Government agency to the extent he may deem necessary or desirable."

All violations of the Atomic Energy Act shall be investigated by the Federal Bureau of Investigation.

No Government agency shall take any action under other laws inconsistent with this section.

11. Miscellaneous Provisions.

No patents will be granted for any invention or discovery useful solely in the production of fissionable material or the use of fissionable material or atomic energy for a military weapon. No patent granted will confer any rights to the extent that such invention or discovery is used as above. All patents already granted are revoked in so far as it affects the above. A Patent Compensation Board is established within the Commission.

The Commission is authorized to establish advisory boards to make recommendations on the Commission's various functions and establish health and safety standards and regulations.

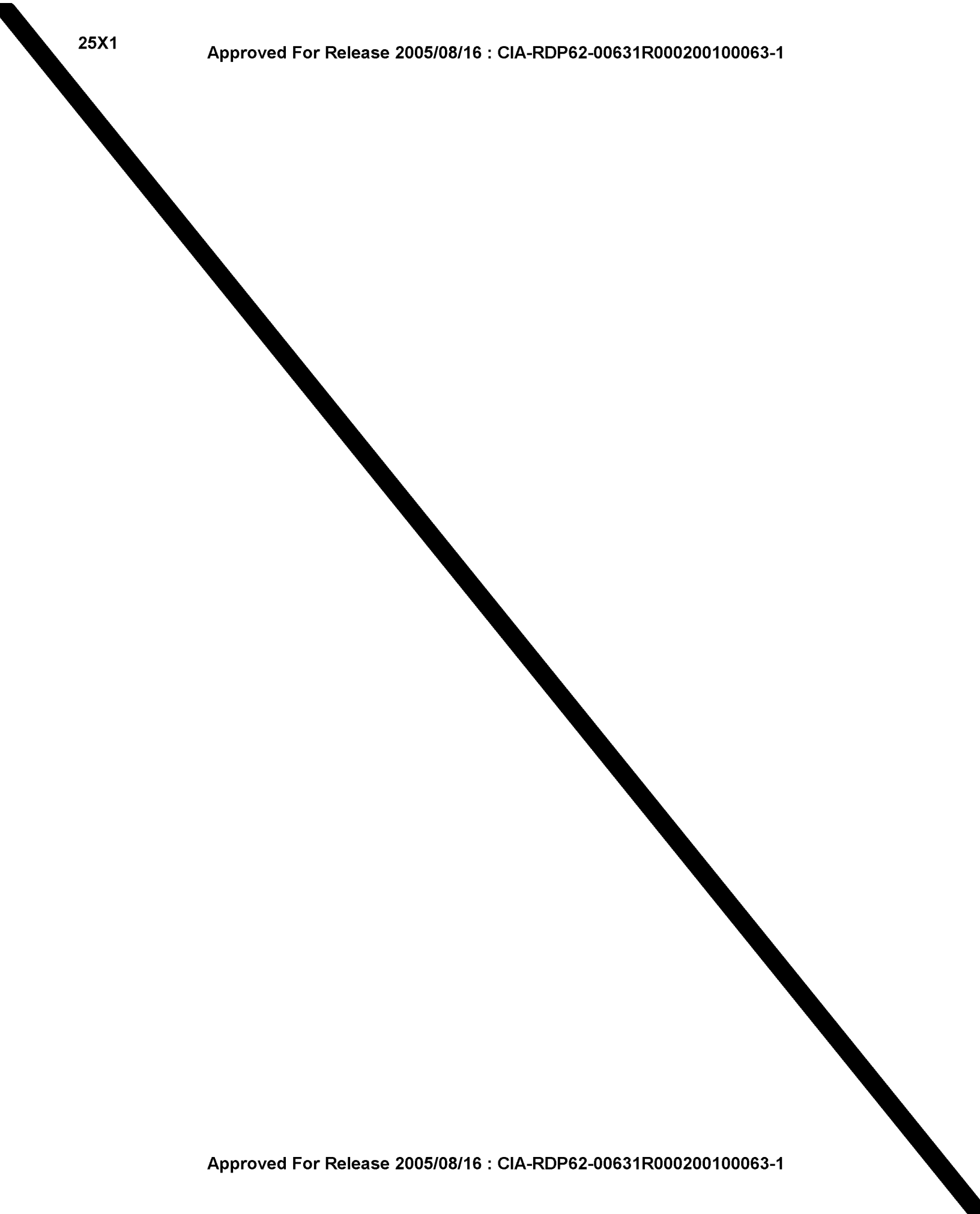
Personnel appointments are to be made in accordance with Civil Service laws, but the Commission may make appointments without regard to such laws, when it deems such action necessary. It may, with the consent of the agency concerned, utilize or employ the services or personnel of any Government agency to perform such functions on its behalf as may appear desirable.

A Joint Committee on Atomic Energy is established, to consist of nine Members of the Senate and nine Members of the House of Representatives. This Committee shall make continuing studies of the activities of the Commission and related problems. The Commission shall keep the Joint Committee fully and currently informed with respect to the Commission's activities. The Committee is authorized to hold hearings and require, by subpoena or otherwise, the attendance of witnesses and the production of papers and documents.

The Commission shall submit to the Congress, semi-annually, a report of its activities.

12. Appropriations.

> "There are hereby authorized to be appropriated such sums as may be necessary and appropriate to carry out the provisions and purposes of this Act. The Acts appropriating such sums may appropriate specified portions thereof to be accounted for upon the certification of the Commission only. Funds appropriated to the Commission shall, if obligated by contract during the fiscal year for which appropriated, remain available for expenditure for four years following the expiration of the fiscal year for which appropriated. After such four-year period, the unexpended balance of appropriations shall be carried to the surplus fund and covered into the Treasury."



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